GOVERNMENT OF INDIA
CHEMICALS AND FERTILIZERS
LOK SABHA

STARRED QUESTION NO:415
ANSWERED ON:21.08.2001
SUBSIDY ON FERTILIZERS
DR. KIRIT SOMAIYA;PUSHPDAN SHAMBHUDAN GADHAVI

Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

(a) the subsidy being given at present on urea, ammonia phosphate and other fertilizers;

(b) whether the Government are giving different subsidy on different fertilizers;

(c) if so, the details thereof;

(d) whether the fertilizers subsidy is not reaching the farmers; and

(e) if so, the remedial steps taken by the Government in this regard?

Answer

MINISTER OF CHEMICALS AND FERTILIZERS (SHRI SUKHDEV SINGH DHINDSA)

(a) to (e) : A statement is laid on the table of the House.

Statement referred to in reply to parts (a) to (e) of Lok Sabha Starred Question No.415 to be answered on 21.8.2001 regarding subsidy on fertilizers.

(a)to(c): Urea, being the only fertilizer under statutory price, distribution and movement control, is covered under the Retention Price-cum-Subsidy Scheme (RPS) wherein thedifference between the retention price (cost of production plus a fixed rate of return on net worth) and the sale price is borne by the Union Government as subsidy. Since the sale price of both indigenous and imported urea is fixed uniformly, subsidy is also paid on imported urea. Besides, under the Concession Scheme on sale of decontrolledphosphatic and potassic fertilizers, which includes Di-ammonium phosphate (DAP),Muriate of Potash (MOP) and Complexes, concession is provided by Union Governmentto the manufacturers and importers to make such fertilizers available to farmers at the retail prices indicated by Government for the purpose. While the subsidy to urea units is determined for each urea unit separately, amount of concession (fixed on a quarterly basis) on sale of decontrolled potassic and phosphatic fertilizers is paid at uniform rates to indigenous manufacturers and importers. At present, the amount of average subsidy per tonne of urea borne by the Government is about Rs. 4300. As regards single super- phosphate (SSP), the retail prices are fixed by the State Governments and the Central Government provides a fixed rate of concession. Rates of concession for decontrolled phosphatic and potassic fertilizers and SSP are as follows:

Commodity Final Rates of Concession (Rs. per metric tonne)
(Fourth Quarter 2000-2001)

Indigenous DAP	4100
Imported DAP	2550
Murate of Potash (MOP)	3200
Complexes	2306-3886
SSP (1.7.2000 to 31.3.2001)	700

(d)&(e): Benefit of subsidy/concession on fertilizer reaches the farmers as urea is sold to farmers at statutorily fixed maximum retail price (MRP) and decontrolled phosphaticand potassic fertilizers at indicative MRPs, which are much lowerthan the cost of production.